

**SCHOOL DISTRICT**

**OF**

**BAY HEAD**



**BAY HEAD BOARD OF EDUCATION  
BAY HEAD, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**BAY HEAD BOARD OF EDUCATION**

**BAY HEAD, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**PREPARED BY**

**BAY HEAD BOARD OF EDUCATION  
FINANCE DEPARTMENT**

# **BAY HEAD SCHOOL DISTRICT**

## **TABLE OF CONTENTS**

### **Page**

### **INTRODUCTORY SECTION**

Letter of Transmittal	1 to 3.
Roster of Officials	4.
Consultants and Advisors	5.
Organizational Chart	6.

### **FINANCIAL SECTION**

Independent Auditor's Report	7 & 8.
------------------------------	--------

#### **Required Supplementary Information – Part I**

Management's Discussion and Analysis	9 to 14.
--------------------------------------	----------

#### **Basic Financial Statements**

##### **A. District-wide Financial Statements:**

A-1 Statement of Net Assets	15.
A-2 Statement of Activities	16 & 17.

##### **B. Fund Financial Statements:**

###### **Governmental Funds:**

B-1 Balance Sheet	18.
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	19 & 20.
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21.

###### **Proprietary Funds:**

B-4 Statement of Net Assets	N/A
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
B-6 Statement of Cash Flows	N/A

###### **Fiduciary Funds:**

B-7 Statement of Fiduciary Net Assets	22.
B-8 Statement of Changes in Fiduciary Net Assets	23.

## **BAY HEAD SCHOOL DISTRICT**

### **TABLE OF CONTENTS**

	<b><u>Page</u></b>
Notes to Financial Statements	24 to 38.
 <b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	39 to 47.
C-1a Budgetary Comparison Schedule – General Fund – Education Jobs Fund	48.
C-2 Budgetary Comparison Schedule – Special Revenue Fund	49.
Notes to the Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	50.
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	51.
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A

## **BAY HEAD SCHOOL DISTRICT**

### **TABLE OF CONTENTS**

	<b><u>Page</u></b>
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance	N/A
F-1a Summary Schedule of Revenues, Expenditures, Project Balance, And Project Status – Addition to Elementary School	N/A
F-1b Schedule of Project Revenues and Expenditures	N/A
G. Proprietary Fund:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	N/A
G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Statement of Fiduciary Net Assets	52.
H-2 Statement of Changes in Fiduciary Net Assets	53.
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	54.
H-4 Payroll Agency Fund Schedule of Changes in Assets and Liabilities	N/A
H-4a Summer Payroll – Schedule of Receipts and Disbursements	N/A
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	55.
I-1a Schedule of Loans Payable	N/A
I-2 Schedule of Obligations under Capital Leases	56.
I-3 Debt Service Fund Budgetary Comparison Schedule	57.

## **BAY HEAD SCHOOL DISTRICT**

### **TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATISTICAL SECTION</b>	
<b>Introduction to the Statistical Section</b>	
<b>Financial Trends</b>	
J-1 Net Assets by Component	58.
J-2 Changes in Net Assets	59 & 60.
J-3 Fund Balances – Governmental Funds	61.
J-4 Changes in Fund Balances – Governmental Funds	62.
J-5 General Fund Other Local Revenue by Source	63.
<b>Revenue Capacity</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	64.
J-7 Direct and Overlapping Property Tax Rates	65.
J-8 Principal of Property Taxpayers	66.
J-9 Property Tax Levies and Collections	67.
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	68.
J-11 Ratios of General Bonded Debt Outstanding	69.
J-12 Direct and Overlapping Governmental Activities Debt	70.
J-13 Legal Debt Margin Information	71.
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	72.
J-15 Principal Employers	73.
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	74.
J-17 Operating Statistics	75.
J-18 School Building Information	76.
J-19 Schedule of Required Maintenance Expenditures by School Facility	77.
J-20 Insurance Schedule	78.
K-1 Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	79 & 80.
K-3 Schedule of Expenditures of Federal Awards, Schedule A	81.
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	82.

## **INTRODUCTORY SECTION**

# BAY HEAD BOARD OF EDUCATION

145 Grove Street  
Bay Head, NJ 08742  
Telephone (732) 892-4704

Date: October 2, 2012

Honorable President and  
Members of the Board of Education  
Bay Head School District  
County of Ocean, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Bay Head School District for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report (CAFR) is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations," and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Bay Head School District is an independent reporting entity. All funds and account groups of the District are included in this report. The Bay Head Board of Education and the Bay Head Elementary School constitute the District's reporting entity.

The District provides a full range of educational services for its students as follows. Students in Grades K-8 attend the Bay Head Elementary School. Students in Grades 9-12 are sent out-of-district to Point Pleasant Beach High School. Vocational education is provided through the Ocean County Vocational School. Special education services for classified pupils are provided through the Point Pleasant Beach School District's Child Study Team for all students (K-12).

## Enrollment K-8

The Bay Head School (K-8) completed the 2011-2012 school year with an average daily enrollment of 137 students. The average daily enrollment includes both resident and tuition paying students. The following details the changes in the elementary school enrollment over the last ten (10) years:



Average Daily Enrollment

<b>Fiscal Year</b>	<b>Average Student Enrollment</b>	<b>Percent Change</b>
2011-2012	137.2	+18.3%
2010-2011	116.0	+4.4%
2009-2010	111.1	+18.2%
2008-2009	94	+5.5%
2007-2008	91.0	-----
2006-2007	91.6	+3.6%
2005-2006	88.4	-12.4%
2004-2005	100.9	+17.9%
2003-2004	85.6	-13.9%
2002-2003	99.4	-2.5%

3) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

4) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters (when applicable) of the municipality. Annual appropriated budgets are adopted for the general fund, debt service fund, capital projects fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

5) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

6) DEBT ADMINISTRATION: Refer to exhibit

7) CASH MANAGEMENT: The District deposits funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

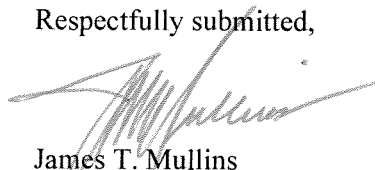
Also in 1970, through a donation of \$100, a scholarship trust fund was established which is governed by a board of trustees comprised of the membership of the board of education. In 1993, the trustees authorized the deposit of \$32,493.38 with Prudential Securities. The current value of the investment account now held by Wachovia Securities in trust is \$49,980.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, non-owned automobile liability, hazard and theft insurance on property and contents, and fidelity bonds.

9) INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company was appointed as the Board's auditor. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Bay Head Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



James T. Mullins  
School Business Administrator

# BAY HEAD BOARD OF EDUCATION

145 Grove Street  
 Bay Head, NJ 08742  
 Telephone (732) 892-4704 Ext. 119

## ROSTER OF OFFICIALS

June 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph (Jay) Cornell, III President	2012
Darren Erbe, Vice President	2013
Benjamin Hinds	2014
Sandra Antognoli	2012
Barry K. Pearce	2012
<u>Other Officials</u>	
John A. Ravally, Ed.D, Superintendent	
Walter C. Therien, Principal	
James T. Mullins, School Business Administrator	
Laurie M. Considine, Board Secretary	
Patricia A. Wojcik, Treasurer	
David M. Casadonte, Esq., Solicitor	

CONSULTANTS AND ADVISORS

JUNE 30, 2012

AUDIT FIRM

Robert A. Hulsart and Company  
2807 Hurley Pond Road  
P.O. Box 1409  
Wall, N.J. 07719

ATTORNEY

David M. Casadonte, Esq.  
70 East Water Street  
Toms River, N.J. 08753

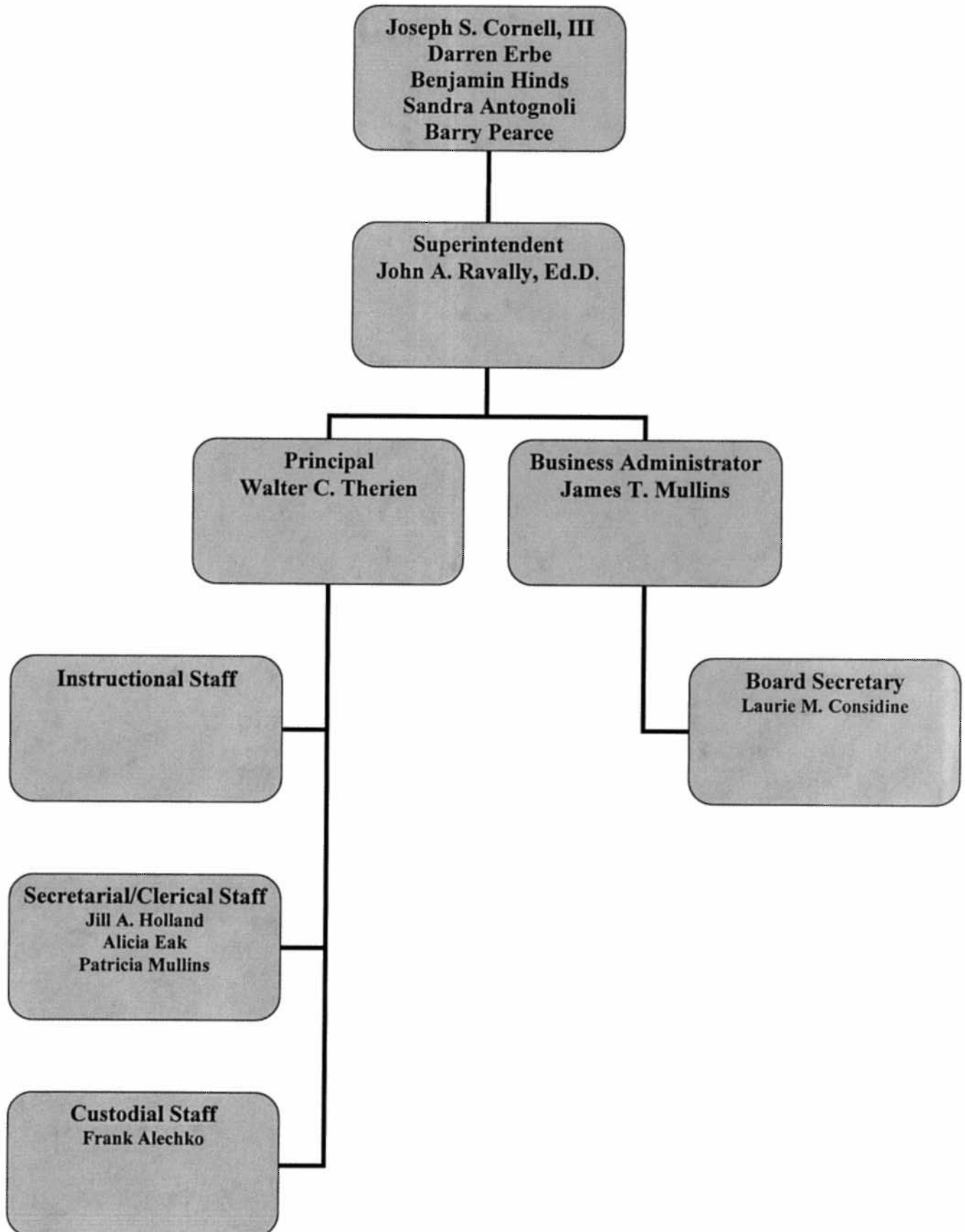
OFFICIAL DEPOSITORIES

Manasquan Savings Bank  
89 Bridge Avenue  
Bay Head, N.J. 08742

State of New Jersey Cash Management Fund  
c/o Citigroup Fund Services  
PO Box 446  
Portland, ME 04112

**BAY HEAD BOARD OF EDUCATION  
2011-2012 ORGANIZATIONAL CHART**

6.



## **FINANCIAL SECTION**

7.

*Robert A. Hulsart and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:  
(732) 280-8888

e-mail:  
rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Bay Head School District  
County of Ocean  
Bay Head, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Bay Head School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bay Head Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Bay Head Board of Education, in the County of Ocean, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2012, on our consideration of the Bay Head Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 16 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bay Head Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

---

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

October 2, 2012



**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**BAY HEAD PUBLIC SCHOOL DISTRICT**  
**BOROUGH OF BAY HEAD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The discussion and analysis of the Bay Head Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2011-2012 fiscal year are as follows:

- General revenues accounted for \$3,332,795 in revenue or 91% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$345,434 or 9% percent to total revenues of \$3,678,229.
- Total assets of governmental activities were \$2,395,568 primarily made up of capital assets and Cash.
- The School District had \$3,313,064 in expenses; only \$345,434 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$3,332,795 were adequate to provide for these programs.
- The General Fund had \$3,390,989 in revenues and \$3,190,204 in expenditures. The General Fund's balance increased \$200,785 over 2010-2011. This increase was anticipated by the Board of Education.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Bay Head Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Bay Head Public School District, the General Fund is the most significant fund, with the Special Revenue Fund also having significance.

## **Using this Comprehensive Annual Financial Report (CAFR) (Continued)**

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

### **Reporting the School District as a Whole**

#### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2011-2012 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

### **Reporting the School District's Most Significant Funds**

#### **Fund Financial Statements**

The analysis of the School District's major (all) funds begins on Exhibit B-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

## Governmental Funds

The School District's activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

## Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

## The School District as a Whole

Table 1 provides a summary of the School District's net assets.

**Table 1**  
**Net Assets**

	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 761,342	560,557
Capital Assets, Net	<u>1,634,226</u>	<u>1,668,128</u>
Total Assets	<u>\$ 2,395,568</u>	<u>2,228,685</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Debt	\$ 245,229	(95,485)
Restricted	351,229	309,165
Unrestricted	<u>386,348</u>	<u>210,692</u>
Total Net Assets	<u>\$ 982,806</u>	<u>424,372</u>

Table 2 shows the changes in net assets for fiscal year 2012.

**Table 2**  
**Changes in Net Assets**

	<u>2012</u>	<u>2011</u>
<b><u>Revenues</u></b>		
Program Revenues		
Operating Grants and Contributions	\$ 345,434	25,729
General Revenues		
Property Taxes	2,983,040	2,926,684
Grants and Entitlements	320,554	225,245
Other	<u>29,201</u>	<u>251,346</u>
Total Revenues	<u>3,678,229</u>	<u>3,429,004</u>
<b><u>Program Expenses</u></b>		
Instruction	1,064,485	972,806
Support Services		
Pupils and Instructional Staff	987,138	985,108
General Administration, School Administration,		
Business	725,330	690,520
Operations and Maintenance of Facilities	365,768	304,966
Pupil Transportation	107,243	96,188
Debt Service	<u>63,100</u>	<u>75,243</u>
Total Expenses	<u>3,313,064</u>	<u>3,124,831</u>
Increase/(Decrease) in Net Assets	<u>\$ 365,165</u>	<u>304,173</u>

### **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 81% percent of revenues for governmental activities for the Bay Head Public School District for fiscal year 2012. The District's total revenues were \$3,678,229 for the fiscal year ended June 30, 2012. Federal, state, local grants and other local revenues accounted for another 19%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

### **Governmental Activities (Continued)**

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

### **The School Board' Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Bay Head's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2012, it reported a combined net asset balance of \$982,826. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

## Capital Assets

At June 30, 2012, the School Board had approximately \$1,634,226 million invested in a broad range of capital assets, including land, buildings, furniture, computers, instructional equipment and other equipment. Table II below shows the net book value of capital assets at the end of the 2012 fiscal year.

	<b><u>Governmental Activities</u></b>
Table II	
Capital Assets at June 30, 2012	
Buildings	\$ 1,285,033
Machinery and Equipment	92,644
Land	<u>256,549</u>
Total	<u>\$ 1,634,226</u>

## Debt Administration

At June 30, 2012, the School District had outstanding debt of \$1,388,997 consisting of serial bonds of \$1,342,000, which fully mature in 2017, capital leases of \$15,998 and compensated absences of \$15,000.

## Economic Factors and Next Year's Budget

The Bay Head Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Bay Head is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Bay Head Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Mr. James Mullins, Business Administrator of the Bay Head Board of Education, 145 Grove Street, Bay Head, N.J. 08742.

## **BASIC FINANCIAL STATEMENTS**



**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

**BAY HEAD SCHOOL DISTRICT****STATEMENT OF NET ASSETS****Exhibit A-1****JUNE 30, 2012**

	<b><u>Governmental Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 376,435	376,435
Accounts Receivables, Net	33,678	33,678
Restricted Cash	351,229	351,229
Capital Assets Not Being Depreciated	256,549	256,549
Capital Assets Being Depreciated, Net	<u>1,377,677</u>	<u>1,377,677</u>
 Total Assets	 <u><u>\$ 2,395,568</u></u>	 <u><u>2,395,568</u></u>
 <b><u>Liabilities</u></b>		
Accounts Payable & Accrued Interest	\$ 23,765	23,765
Long Term Debt:		
Due within one year	240,998	240,998
Long-Term	<u>1,147,999</u>	<u>1,147,999</u>
 Total Liabilities	 <u><u>\$ 1,412,762</u></u>	 <u><u>1,412,762</u></u>
 <b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	\$ 260,229	260,229
Restricted For:		
Other Purposes	483,517	483,517
Unrestricted	<u>239,060</u>	<u>239,060</u>
 Total Net Assets	 <u><u>\$ 982,806</u></u>	 <u><u>982,806</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**BAY HEAD SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**

Exhibit A-2  
Sheet 1 of 2

**JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$ 903,038			(903,038)		(903,038)
Special Education	62,400			(62,400)		(62,400)
Other Instruction	99,047			(99,047)		(99,047)
Support Services:						
Tuition	589,249	320,415		(268,834)		(268,834)
Student & Instruction Related Services	397,889		25,019	(372,870)		(372,870)
School Administration	93,137			(93,137)		(93,137)
Other Administration Services	34,708			(34,708)		(34,708)
Plant Operations and Maintenance	310,301			(310,301)		(310,301)
Pupil Transportation	107,243			(107,243)		(107,243)
Unallocated Benefits	597,485		2,814	(594,671)		(594,671)
Depreciation	55,467			(55,467)		(55,467)
Interest on Debt	63,100			(63,100)		(63,100)
Total Government Activities	3,313,064	320,415	27,833	(2,964,816)	-	(2,964,816)
Total Primary Government	3,313,064	320,415	27,833	(2,964,816)	-	(2,964,816)

**BAY HEAD SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

Exhibit A-2  
Sheet 2 of 2

**JUNE 30, 2012**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				2,780,744		2,780,744
Property Taxes Levied for Debt Service				202,296		202,296
Federal and State Aid Not Restricted				320,554		320,554
Miscellaneous Revenue				29,201		29,201
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,332,795	-	3,332,795
Change in Net Assets				367,979	-	367,979
Net Assets - Beginning				614,827		614,827
Net Assets - Ending	\$ -			982,806	-	982,806

The accompanying Notes to Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS – B**

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2012

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 727,664	727,664
Receivables, Net	33,678	33,678
Total Assets	<u>\$ 761,342</u>	<u>761,342</u>
<b><u>Fund Balance</u></b>		
Fund Balance:		
Restricted For:		
Maintenance Reserve	\$ 6,309	6,309
Emergency Reserve	24,133	24,133
Reserved Excess Surplus		
Designated for Subsequent Year's Expenditures	148,438	148,438
Excess Surplus-Current Year	172,349	172,349
Assigned To:		
Designated by the BOE for Subsequent Year's Expenditures	132,288	132,288
Unassigned:		
General Fund	277,825	277,825
Total Fund Balance	<u>761,342</u>	<u>761,342</u>
Total Fund Balance	<u>\$ 761,342</u>	

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 2,395,101 and the accumulated depreciation is \$760,875.

1,634,226

Accrued Interest

(23,765)

Long Term Liabilities including bonds payable are payable in the current period and therefore are not reported as liabilities in the funds (see note 3)

(1,388,997)

Net assets of governmental activities

\$ 982,806

The accompanying Notes to Financial Statements are an integral part of this statement.

**BAY HEAD SCHOOL DISTRICT**

Exhibit B-2  
Sheet 1 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2012**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Local Sources:				
Local Tax Levy	\$ 2,780,744		202,296	2,983,040
Tuition	320,415			320,415
Afterschool and Other Fees From Individuals	23,966			23,966
Miscellaneous	5,235			5,235
Total Local Sources	3,130,360	-	202,296	3,332,656
State Sources	257,815		62,739	320,554
Federal Sources	2,814	25,019		27,833
Total Revenues	3,390,989	25,019	265,035	3,681,043
Expenditures:				
Current:				
Regular Instruction	903,038			903,038
Special Education Instruction	62,400			62,400
Other Instruction	99,047			99,047
Support Services and Undistributed Costs:				
Tuition	589,249			589,249
Student and Instruction Related Services	372,870	25,019		397,889
School Administration	93,137			93,137
Other Administration Services	34,708			34,708
Plant Operations and Maintenance	310,301			310,301
Pupil Transportation	107,243			107,243
Unallocated Benefits	597,485			597,485
Capital Outlay	20,726			20,726
Debt Service:				
Bond Principal			200,000	200,000
Interest and Other Charges			65,035	65,035
Total Expenditures	3,190,204	25,019	265,035	3,480,258

**BAY HEAD SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

Exhibit B-2  
Sheet 2 of 2

**GOVERNMENTAL FUNDS**

**JUNE 30, 2012**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over (Under) Expenditures	200,785	-	-	200,785
Net Change in Fund Balances	200,785	-	-	200,785
Fund Balance - July 1	560,557	-		560,557
Fund Balance - June 30	\$ 761,342	-	-	761,342

The accompanying Notes to Financial Statements are an integral part of this statement.



**BAY HEAD SCHOOL DISTRICT****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS****Exhibit B-3****TO THE STATEMENT OF ACTIVITIES****JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 200,785
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:</p> <p>Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>	
Capital Outlay	20,726
Depreciation	(55,467)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	200,000
Accrued Interest	<u>1,935</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 367,979</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BAY HEAD SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET ASSETS****Exhibit B-7****FIDUCIARY FUNDS****JUNE 30, 2012**

	<b>Unemployment Compensation Trust</b>	<b>Private Purpose Trust Scholarship Funds</b>
Assets:		
Cash and Cash Equivalents	\$ 30,661	49,980
Total Assets	<u>\$ 30,661</u>	<u>49,980</u>
Net Assets:		
Reserved Unemployment Benefits	\$ 30,661	
Reserved Scholarships		49,980
Total Net Assets	<u>\$ 30,661</u>	<u>49,980</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BAY HEAD SCHOOL DISTRICT****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

Exhibit B-8

**FIDUCIARY FUNDS****JUNE 30, 2012**

	<b>Unemployment Compensation Trust</b>	<b>Private Purpose Trust Scholarship Fund</b>
Additions:		
Securities Increase	\$ -	3,980
Interest Earned	13	7
Donations		100
Total Additions	<u>13</u>	<u>4,087</u>
Deductions:		
Claims	203	
Scholarship Awarded		1,150
Total Deductions	<u>203</u>	<u>1,150</u>
Change in Net Assets	(190)	2,937
Net Assets - Beginning of Year	<u>30,851</u>	<u>47,043</u>
Net Assets - End of the Year	<u>\$ 30,661</u>	<u>49,980</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**BAY HEAD SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1:      Summary of Significant Accounting Policies**

The financial statements of the Board of Education (Board) of the Bay Head School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A.      Reporting Entity:**

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in the Borough of Bay Head. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

**B.      Government-Wide Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

**Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**D. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Fiduciary Fund Types**

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Fiduciary Fund Types (Continued)**

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2012 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.



**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**E. Budgets/Budgetary Control (Continued):**

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 3,396,842	25,019
Difference – budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Delayed Payment		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(5,853)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds.	<u>\$ 3,390,989</u>	<u>25,019</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,190,204	25,019
Prior Year Encumbrances		
Differences – budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$ 3,190,204</u>	<u>25,019</u>

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**F. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**G. Short-Term Interfund Receivables/Payables:**

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

**I. Capital Assets and Depreciation**

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2004 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2004-2005 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2005, fiscal year 2005 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. The District has updated the records since 2004-2005 and the service company provides the District with an updated report. Estimated useful lives, in years, for depreciable assets are as follows:

**NOTE 1:      Summary of Significant Accounting Policies (Continued)****I.      Capital Assets and Depreciation (Continued)**

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:				
Capital Assets that are				
Not being Depreciated:				
Land	\$ 256,549	_____	_____	256,549
Total Capital Assets Not				
Being Depreciated	256,549	_____	_____	256,549
Depreciable Assets:				
Buildings	1,772,014			1,772,014
Equipment	344,973	21,565	_____	366,538
Totals at Historical Cost	2,116,987	21,565	_____	2,138,552
Less: Accumulated				
Depreciation:				
Buildings	(444,593)	(42,388)		(486,981)
Equipment	(260,815)	(13,079)	_____	(273,894)
Total Accumulated				
Depreciation	(705,408)	(55,467)	_____	(760,875)
Net Depreciable Assets	1,411,579	(33,902)	_____	1,377,677
Governmental Activities				
Capital Assets, Net	\$ 1,668,128	(33,902)	=====	1,634,226

Depreciation expense was charged to governmental functions as follows:

Unallocated	\$ 55,467
-------------	-----------

**J.      Compensated Absences**

The Board has no policy for payment of accumulated sickness upon retirement. However, upon a directive from the County Superintendent, the Board has commitment to pay the School Business Administrator accumulated sick leave up to the maximum of \$15,000.00. As of June 30, 2012 the School Business Administrator has \$15,000.00 of accumulated sick leave.

**K.      Deferred Revenue**

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

**NOTE 1: Summary of Significant Accounting Policies (Continued)****L. Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to maintenance reserve (See Note 9).

**NOTE 2: Cash and Cash Equivalents and Investments**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments**

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.

**NOTE 2: Cash and Cash Equivalents and Investments (Continued)****Investments (Continued)**

- c. Bonds or other obligations of the school district.

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	<b><u>Cash and Cash Equivalents</u></b>
Checking, Money Market Accounts	<u>\$ 808,171</u>

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2012 was \$808,171 and the bank balance was \$814,360. Of the bank balance, \$329,107 was covered by federal depository insurance and \$485,253 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following three categories described below:

As of June 30, 2012, the District did not hold any long-term investments.

Insured:

FDIC	\$ 329,107
GUDPA	<u>485,253</u>
	<u>\$ 814,360</u>

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the general long-term debt account group:

	<b><u>Balance June 30, 2011</u></b>	<b><u>Issued</u></b>	<b><u>Retired</u></b>	<b><u>Balance June 30, 2012</u></b>	<b><u>Amount Due Within One Year</u></b>	<b><u>Long-Term Portion</u></b>
Bonds Payable	\$ 1,542,000		200,000	1,342,000	225,000	1,117,000
Capital Leases Payable	47,995		15,998	31,997	15,998	15,999
Compensated Absences	<u>15,000</u>			<u>15,000</u>		<u>15,000</u>
	<u>\$ 1,604,995</u>		<u>215,998</u>	<u>1,388,997</u>	<u>240,998</u>	<u>1,147,999</u>

**NOTE 3:      General Long-Term Debt (Continued)**

During the fiscal year ended June 30, 2008, the district issued long-term debt consisting of bonds issued for additions and renovations to the Bay Head Elementary school. The amount of the bonds issued was \$2,222,000. During the fiscal year ended June 30, 2011, the District entered into a lease purchase agreement for Apple Computers, interest-free, at a total cost of \$72,995.

**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds, and the interest rates vary from 4.00% to 4.25%.

Principal and interest due on serial bonds outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2013	\$ 225,000	57,035	282,035
2014	250,000	47,473	297,473
2015	275,000	36,847	311,847
2016	300,000	25,160	325,160
2017	<u>292,000</u>	<u>12,410</u>	<u>304,410</u>
	<u>\$ 1,342,000</u>	<u>178,925</u>	<u>1,520,925</u>

**B. Capital Leases Payable:**

Capital Leases Payable:

	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2012</u>
Apple Computers	2012-2013	0.00%	\$ 72,995	<u>\$ 31,997</u>
<b>Year Ended</b>				
<b><u>June 30</u></b>				
2012			\$ 15,998	
2013			<u>15,999</u>	
			31,997	
Less: Amount Representing Interest			<u>-0-</u>	
Present Value of Net Minimum Lease Payments			<u>\$ 31,997</u>	

**NOTE 4: Pension Plans**

**Description of Plans** – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**NOTE 4:      Pension Plans (Continued)**

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**Funding Policy** – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2012, the State of New Jersey contributed \$89,208 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$81,708 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

<b><u>Year</u></b>	<b><u>Annual</u></b>	<b><u>Percentage</u></b>	<b><u>Net</u></b>
<b><u>Funding</u></b>	<b><u>Pension</u></b>	<b><u>of APC</u></b>	<b><u>Pension</u></b>
	<b><u>Cost (APC)</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
6/30/12	\$ 89,208	100%	
6/30/11	59,568	100%	0
6/30/10	55,344	100%	0



**NOTE 4: Pension Plans (Continued)**

<b><u>Three-Year Trend Information for PERS</u></b>			
<b>Year</b>	<b>Annual</b>	<b>Percentage</b>	<b>Net</b>
<b><u>Funding</u></b>	<b><u>Pension</u></b>	<b><u>of APC</u></b>	<b><u>Pension</u></b>
	<b><u>Cost (APC)</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
6/30/12	\$ 22,220	100%	0
6/30/11	22,459	100%	0
6/30/10	16,849	100%	0

**NOTE 5: Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**NOTE 6: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current year and previous year:

<b><u>Fiscal Year</u></b>	<b><u>District</u></b>	<b><u>Employee</u></b>	<b><u>Reimbursed</u></b>	<b><u>Balance</u></b>
	<b><u>Contributions</u></b>	<b><u>Contributions</u></b>		
2011-2012	\$ 0	13	203	30,661
2010-2011	0	63	989	30,851
2009-2010	0	115	3,931	31,777

**NOTE 7: Tuition Adjustments**

Regulations specify that tuition adjustments for any given school year shall be remitted/ received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2012 financial statements.

**NOTE 8: Economic Dependency**

The District receives approximately 10% of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

**NOTE 9: Contingent Liabilities**

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

**NOTE 10: Fund Balance Appropriated**

**General Fund** – Of the \$767,195 General Fund fund balance at June 30, 2012, \$6,309 is reserved for maintenance reserve; \$24,133 is reserved for emergency reserve; \$132,288 is designated for subsequent year's expenditures; \$148,438 is excess surplus designated for subsequent year's expenditures; \$172,349 is excess surplus and \$283,678 is undesignated.

**NOTE 11: 2% Calculation of Excess Surplus**

2011-12 Total General Fund Expenditures Per the CAFR	\$ 3,190,204
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(170,916)</u>
Adjusted 2011-12 General Fund Expenditures	<u>\$ 3,019,288</u>
2% of Adjusted 2011-12 General Fund Expenditures	<u>\$ 60,386</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>33,678</u>
Maximum Unassigned/Undesignated – Unreserved Fund Balance	<u>\$ 283,678</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-12	\$ 767,195
Decreased by:	
Legally Restricted – Excess Surplus -	
Designated for Subsequent Years Expenditures	148,438
Other Restricted Fund Balances	30,442
Assigned Fund Balance – Unreserved – Designated for Subsequent Year's Expenditures	<u>132,288</u>
Total Unassigned Fund Balance	<u>\$ 456,027</u>

**NOTE 11: 2% Calculation of Excess Surplus (Continued)****Section 3**

Restricted Fund Balance – Excess Surplus	<u>\$ 172,349</u>
--	-------------------

**Recapitulation of Excess Surplus as of June 30, 2012**

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures	\$ 148,438
---	------------

Reserved Excess Surplus	<u>172,349</u>
-------------------------	----------------

Total Excess Surplus	<u>\$ 320,787</u>
----------------------	-------------------

**Detail of Allowable Adjustment**

Extraordinary Aid	\$ 32,460
-------------------	-----------

Additional Nonpublic School Transportation Aid	<u>1,218</u>
--	--------------

Total Adjustments	<u>\$ 33,678</u>
-------------------	------------------

**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 6,309
---------------------	----------

Emergency Reserve	<u>24,133</u>
-------------------	---------------

Total Other Restricted Fund Balance	<u>\$ 30,442</u>
-------------------------------------	------------------

**NOTE 12: Operating Leases**

The District had commitments to lease a digital copier under an operating lease that expires in 2016. Operating lease payments began in the 2010-2011 budget year. Future minimum lease payments are as follows:

Year ending June 30,	
----------------------	--

2013	\$ 3,962
------	----------

2014	3,962
------	-------

2015	3,962
------	-------

2016	<u>3,302</u>
------	--------------

	<u>\$ 15,188</u>
--	------------------

**NOTE 13: Recent Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2010. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2012 through October 2, 2012.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

BAY HEAD SCHOOL DISTRICT

Exhibit C-1  
Sheet 1 of 9

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,780,744		2,780,744	2,780,744	-
Tuition From Individuals	177,037		177,037	320,415	143,378
Transportation Fees From Individuals	20,000		20,000	23,966	3,966
Miscellaneous	5,000		5,000	5,235	235
Total Local Sources	2,982,781	-	2,982,781	3,130,360	147,579
State Sources:					
Extraordinary Aid			-	32,460	32,460
Special Education Categorical Aid	29,537		29,537	56,604	27,067
Security Aid			-	2,470	2,470
Additional Non-Public Transportation Aid			-	1,218	1,218
On-Behalf TPAF Pension Contributions (Non-Budgeted)			-	89,208	89,208
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-		
Total State Sources	29,537	-	29,537	81,708	81,708
Federal Sources:				263,668	234,131
Education Jobs Fund			-	2,814	2,814
Total Revenues	3,012,318	-	3,012,318	3,396,842	384,524

**BAY HEAD SCHOOL DISTRICT**

Exhibit C-1  
Sheet 2 of 9

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Expenditures:					
Current Expenditures:					
Regular Programs - Instruction:					
Preschool/Kindergarten - Salaries of Teachers	98,192		98,192	82,751	15,441
Grades 1-5 - Salaries of Teachers	413,191		413,191	408,080	5,111
Grades 6-8 - Salaries of Teachers	296,151		296,151	279,116	17,035
Regular Program - Undistributed Instruction:					
Other Salaries for Instruction	21,000	12,899	33,899	33,899	-
Purchased Professional Educational Services	64,820	(4,392)	60,428	60,428	-
Purchased Technical Services	10,200	(3,500)	6,700	5,922	778
Other Purchased Services	15,300	(686)	14,614	13,300	1,314
General Supplies	15,000	(4,569)	10,431	10,431	-
Textbooks	12,000	(2,000)	10,000	9,111	889
Other Objects	945,854	(2,248)	943,606	903,038	40,568
Total Regular Programs - Instruction					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	62,400		62,400	62,400	-
General Supplies	1,000		1,000		1,000
Total Resource Room/Resource Center	63,400	-	63,400	62,400	1,000
Total Special Education - Instruction	63,400	-	63,400	62,400	1,000
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	45,000		45,000	45,000	-
General Supplies	2,000	(1,506)	494	494	-
Total Basic Skills/Remedial - Instruction	47,000	(1,506)	45,494	45,494	-

**BAY HEAD SCHOOL DISTRICT**

Exhibit C-1  
Sheet 3 of 9

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2012**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
School-Sponsored Co-Curricular Activities - Instruction: Salaries	10,000		10,000	6,351	3,649
School Sponsored Athletics - Instruction: Salaries	27,000		27,000	22,234	4,766
Purchased Services	7,000	(882)	6,118	6,118	-
Total School Sponsored Athletics - Instruction	34,000	(882)	33,118	28,352	4,766
Before/After School Programs - Instruction: Salaries of Teachers	19,760		19,760	18,850	910
Total Instruction	1,120,014	(4,636)	1,115,378	1,064,485	50,893
Undistributed Expenditures - Instruction: Tuition to Other LEA's Within the State - Regular	475,121		475,121	474,821	300
Tuition to Other LEA's Within the State - Special	14,117	(8,406)	5,711	5,641	70
Tuition to Private Schools for the Disabled Within State	70,728	32,054	102,782	81,741	21,041
Tuition to Private Schools for the Disabled Outside State		27,046	27,046	27,046	-
Total Undistributed Expenditures - Instruction	559,966	50,694	610,660	589,249	21,411
Undistributed Expenditures - Attendance and Social Work: Salaries	34,810		34,810	34,810	-
Undistributed Expenditures - Health Services: Salaries	37,885		37,885	37,885	-
Purchased Professional and Technical Services	800	(550)	250	250	-
Supplies and Materials	800	(112)	688	688	-
Total Undistributed Expenditures - Health Services	39,485	(662)	38,823	38,823	-



**BAY HEAD SCHOOL DISTRICT**

Exhibit C-1  
Sheet 4 of 9

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Other Support Services -					
Students - Related Services:					
Salaries	20,020		20,020	20,020	-
Purchased Professional Educational Services	5,000	(1,784)	3,216	3,216	-
Supplies and Materials	2,500	(2,000)	500	339	161
Other Objects	18,000	17,650	35,650	35,650	
Total Undistributed Expenditures - Other Support Services					
Students - Related Services	45,520	13,866	59,386	59,225	161
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Secretarial and Clerical Assistants	17,160		17,160	16,615	545
Purchased Professional Educational Services	52,120	(7,345)	44,775	44,775	
Other Purchased Professional and Technical Services	72,654	2,611	75,265	75,265	-
Total Undistributed Expenditures - Other Support Services -					
Students - Special	141,934	(4,734)	137,200	136,655	545
Undistributed Expenditures - Other Support Services -					
Students - Extra Services:					
Salaries	22,950		22,950	20,706	2,244
Other Objects	10,000	(3,376)	6,624	6,624	
Total Undistributed Expenditures - Other Support					
Services - Students - Extra Services	32,950	(3,376)	29,574	27,330	2,244
Undistributed Expenditures - Improvement of Instructional					
Services:					
Salaries of Supervisors of Instruction	5,508		5,508	5,508	-

**BAY HEAD SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 5 of 9**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Educational Media Services/ School Library:					
Salaries of Technology Coordinator	10,608		10,608	10,106	502
Other Purchased Services	24,000	(182)	23,818	23,818	-
Supplies and Materials	45,401	(13,079)	32,322	32,041	281
Total Undistributed Expenditures - Educational Media Services/School Library	80,009	(13,261)	66,748	65,965	783
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional Educational Services	1,000	(300)	700	358	342
Other Purchased Services	5,000	(404)	4,596	4,196	400
Total Undistributed Expenditures - Instructional Staff Training Services	6,000	(704)	5,296	4,554	742
Undistributed Expenditures - Support Services - General Administration:					
Legal Services	7,000		7,000	7,000	-
Audit Fees	7,500		7,500	6,000	1,500
Other Purchased Professional Services	3,000		3,000	3,000	-
Communications/Telephone	6,000	156	6,156	5,544	612
Other Purchased Services (400-500 Series)	7,000		7,000	6,885	115
General Supplies	4,000		4,000	3,710	290
Miscellaneous Expenditures	2,000		2,000	1,921	79
BOE Membership Dues and Fees	5,000	(2,107)	2,893	2,893	-
Total Undistributed Expenditures - Support Services - General Administration	41,500	(1,951)	39,549	36,953	2,596

**BAY HEAD SCHOOL DISTRICT**

Exhibit C-1  
Sheet 6 of 9

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	46,000		46,000	39,516	6,484
Salaries of Secretarial and Clerical Assistants	10,000		10,000	10,000	-
Other Salaries	2,000		2,000	2,000	-
Supplies and Materials	5,000		5,000	4,668	332
Total Undistributed Expenditures - Support Services - School Administration	63,000	-	63,000	56,184	6,816
Undistributed Expenditures - Central Services:					
Salaries	26,000		26,000	26,000	-
Purchased Services (400-500 Series)	10,000	(1,349)	8,651	8,651	-
Other Objects	1,000	(943)	57	57	-
Total Undistributed Expenditures - Central Services	37,000	(2,292)	34,708	34,708	-
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	75,000		75,000	72,103	2,897
Cleaning, Repair and Maintenance Services	33,000	(3,000)	30,000	28,584	1,416
General Supplies	8,000	6,991	14,991	14,991	-
Other Objects	8,000	48	8,048	8,048	-
Total Undistributed Expenditures - Required Maintenance - School Facilities	124,000	4,039	128,039	123,726	4,313
Care and Upkeep of Grounds:					
Other Objects	7,000		7,000	6,208	792

**BAY HEAD SCHOOL DISTRICT**

Exhibit C-1  
Sheet 7 of 9

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Other Operations and					
Maintenance of Plant Services:					
Salaries	65,280		65,280	65,280	-
Salaries of Non-Instructional Aides	30,000		30,000	29,852	148
Other Purchased Professional and Technical Services	5,000	50	5,050	2,650	2,400
Other Purchased Property Services	9,000	142	9,142	9,142	-
Insurance	27,540		27,540	27,540	-
Miscellaneous Purchased Services	8,000	1,476	9,476	9,476	-
Energy (Heat and Electricity)	33,000	(33,000)	-		-
Energy (Electricity)		31,066	31,066	31,066	-
Energy (Natural Gas)	25,000	(19,639)	5,361	5,361	-
Total Undistributed Expenditures - Other Operations and					
Maintenance of Plant Services	202,820	(19,905)	182,915	180,367	2,548
Total Undistributed Expenditures - Operations and					
Maintenance of School Facilities	333,820	(15,866)	317,954	310,301	7,653
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	24,480		24,480	24,101	379
Salaries for Pupil Transportation - (Between Home and School) Reg.	14,280		14,280	12,134	2,146
Contracted Services - Aid in Lieu	10,000	(2,000)	8,000	3,757	4,243
Contracted Services (Between Home & School) - Vendors	2,700	(2,700)	-		-
Contracted Services (Between Home & School) Jointures	1,000	(1,000)	-		-
Contracted Services (Special Education Students) Jointures	3,420	(3,165)	255	255	-
Contracted Services - (Special Education Students) - Vendors	27,500	24,524	52,024	50,009	2,015
Contracted Services - (Other than Between Home & School) -					
Vendors	17,136	(591)	16,545	16,545	-
Miscellaneous Expenditures	4,000	(3,558)	442	442	-
Total Undistributed Expenditures - Student Transportation Services	104,516	11,510	116,026	107,243	8,783

**BAY HEAD SCHOOL DISTRICT**

Exhibit C-1  
Sheet 8 of 9

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Unallocated Benefits:					
Social Security Contributions	36,000	(7,048)	28,952	28,927	25
Other Retirement Contributions - Reg.	23,377		23,377	22,220	1,157
Workers Compensation	15,300		15,300	15,300	-
Health Benefits	377,186	(41,695)	335,491	316,179	19,312
Tuition Reimbursement	17,000		17,000	15,189	1,811
Other Employee Benefits	27,052		27,052	25,940	1,112
Total Unallocated Benefits	<u>495,915</u>	<u>(48,743)</u>	<u>447,172</u>	<u>423,755</u>	<u>23,417</u>
On-Behalf TPAF Pension Contributions - Non-Budgeted				89,208	(89,208)
Reimbursed TPAF Social Security Contributions				81,708	(81,708)
Non-Budgeted	-	-	-	170,916	(170,916)
Total On-Behalf Contributions					
Total Undistributed Expenditures	<u>2,021,933</u>	<u>(15,519)</u>	<u>2,006,414</u>	<u>2,102,179</u>	<u>(95,765)</u>
Capital Outlay:					
Operation and Maintenance of Plant Services		20,155	20,155	20,155	-
Other Objects	571		571	571	-
Total Capital Outlay	<u>571</u>	<u>20,155</u>	<u>20,726</u>	<u>20,726</u>	<u>-</u>
Education Jobs Fund:					
Health Benefits	2,814		2,814	2,814	
Total General Fund Expenditures	<u>3,145,332</u>	<u>-</u>	<u>3,145,332</u>	<u>3,190,204</u>	<u>(44,872)</u>

BAY HEAD SCHOOL DISTRICT

Exhibit C-1  
Sheet 9 of 9

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(133,014)	-	(133,014)	206,638	339,652
Fund Balance July 1	560,557		560,557	560,557	
Fund Balance June 30	<u>\$ 427,543</u>	<u>-</u>	<u>427,543</u>	<u>767,195</u>	<u>339,652</u>
Recapitulation:					
Restricted Fund Balance:					
Emergency Reserve				\$ 24,133	
Maintenance Reserve				6,309	
Excess Surplus - Designated for Subsequent Years Expenditures				148,438	
Excess Surplus-Current Year				172,349	
Assigned Fund Balances					
Designated for Subsequent Years Expenditures by the BOE				132,288	
Unassigned Fund Balance				<u>283,678</u>	
				767,195	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(5,853)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 761,342</u>	

BAY HEAD SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1a

EDUCATION JOBS FUND

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Health Benefits: 11-000-291-270	<u>\$ 2,814</u>	<u>2,814</u>	<u>-</u>

**BAY HEAD SCHOOL DISTRICT**

**Exhibit C-2**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE FUND**

**JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Revenues:					
Federal Sources	\$ 25,019		25,019	25,019	-
Total Revenues	<u>\$ 25,019</u>	<u>-</u>	<u>25,019</u>	<u>25,019</u>	<u>-</u>
Expenditures:					
Support Services:					
Purchased Professional and Technical Services	\$ 25,019		25,019	25,019	
Total Support Services	<u>25,019</u>	<u>-</u>	<u>25,019</u>	<u>25,019</u>	<u>-</u>
Total Expenditures	<u>\$ 25,019</u>	<u>-</u>	<u>25,019</u>	<u>25,019</u>	<u>-</u>



## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGET-TO-GAAP-RECONCILIATION****NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b><u>Sources/Inflows of Resources</u></b>		
Actual Amounts (budgetary) "revenues" from the budgetary comparison schedule	\$ 3,396,842	25,019
Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Delayed Payment		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	<u>(5,853)</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	<u>\$ 3,390,989</u>	<u>25,019</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,190,204	25,019
Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 3,190,204</u>	<u>25,019</u>

## **OTHER SUPPLEMENTARY INFORMATION**

## **SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

**BAY HEAD SCHOOL DISTRICT****Exhibit E-1****SPECIAL REVENUE FUND****SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS****JUNE 30, 2012**

	<b><u>I.D.E.A. Part B Basic</u></b>	<b><u>I.D.E.A. Preschool</u></b>	<b><u>Total June 30, 2012</u></b>
Revenues:			
Federal Sources	<u>\$ 24,420</u>	<u>599</u>	<u>25,019</u>
Total Revenues	<u><u>\$ 24,420</u></u>	<u><u>599</u></u>	<u><u>25,019</u></u>
Expenditures:			
Support Services:			
Purchased Professional and Technical Services	<u>\$ 24,420</u>	<u>599</u>	<u>25,019</u>
Total Expenditures	<u><u>\$ 24,420</u></u>	<u><u>599</u></u>	<u><u>25,019</u></u>

**CAPITAL PROJECTS FUND – F**

**N/A**

**PROPRIETARY FUNDS – G**

**N/A**



**FIDUCIARY FUND – H**

**BAY HEAD SCHOOL DISTRICT**

**TRUST AND AGENCY FUND**

Exhibit H-1

**STATEMENT OF FIDUCIARY NET ASSETS**

**JUNE 30, 2012**

	<b>Unemployment Compensation</b>	<b>Private Purpose Trust Scholarship Fund</b>	<b>Student Activities</b>	<b>Balance June 30, 2012</b>
Assets:				
Cash and Cash Equivalents	\$ 30,661	49,980	1,902	82,543
Total Assets	\$ 30,661	49,980	1,902	82,543
Liabilities:				
Due to Student Groups			\$ 1,902	1,902
Total Liabilities			\$ 1,902	1,902
Net Assets:				
Reserve for Unemployment Benefits	\$ 30,661			30,661
Reserve for Scholarships		49,980		49,980
Total Net Assets	\$ 30,661	49,980		80,641

**BAY HEAD SCHOOL DISTRICT****TRUST AND AGENCY FUNDS****Exhibit H-2****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS****JUNE 30, 2012**

	<b>Private Purpose Trust Scholarship Fund</b>	<b>Unemployment Compensation Trust</b>	<b>Balance June 30, 2012</b>
Additions:			
Securities Increase	\$ 3,980		3,980
Interest Earned	7	13	20
Donations	100		100
Total Additions	<u>4,087</u>	<u>13</u>	<u>4,100</u>
Deductions:			
Claims		203	203
Scholarships Awarded	<u>1,150</u>		<u>1,150</u>
Total Deductions	<u>1,150</u>	<u>203</u>	<u>1,353</u>
Changes in Net Assets	2,937	(190)	2,747
Net Assets Beginning of Year	<u>47,043</u>	<u>30,851</u>	<u>77,894</u>
Net Assets End of Year	<u>\$ 49,980</u>	<u>30,661</u>	<u>80,641</u>

**BAY HEAD SCHOOL DISTRICT****TRUST AND AGENCY FUND****Exhibit H-3****STUDENT ACTIVITY FUND****SCHEDULE OF RECEIPTS AND DISBURSEMENTS****JUNE 30, 2012**

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2012</b>
Student Council	\$ 1,480	100	338	1,242
Athletic Fund	890		257	633
School Fund	174	5,563	5,710	27
Total Student Activities	<u>\$ 2,544</u>	<u>5,663</u>	<u>6,305</u>	<u>1,902</u>

## **LONG-TERM DEBT – I**

**BAY HEAD SCHOOL DISTRICT**

**LONG-TERM DEBT**

Exhibit I-1

**SCHEDULE OF SERIAL BONDS**

**JUNE 30, 2012**

<b><u>Issue</u></b>	<b><u>Date of Issue</u></b>	<b><u>Amount of Issue</u></b>	<b><u>Maturities</u></b>		<b><u>Interest Rate</u></b>	<b><u>Balance July 1, 2011</u></b>	<b><u>Retired</u></b>	<b><u>Balance June 30, 2012</u></b>
			<b><u>Date</u></b>	<b><u>Amount</u></b>				
Additions and Renovations to Elementary School	8/1/06	\$2,222,000	2/1/13	225,000	4.25%	\$ 1,542,000	200,000	1,342,000
			2/1/14	250,000	4.25%			
			2/1/15	275,000	4.25%			
			2/1/16	300,000	4.25%			
			2/1/17	292,000	4.25%			
						\$ 1,542,000	200,000	1,342,000

**BAY HEAD SCHOOL DISTRICT**

**LONG-TERM LIABILITIES**

Exhibit I-2

**OBLIGATIONS UNDER CAPITAL LEASES**

**JUNE 30, 2012**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2011</u>	<u>Paid</u>	<u>Amount Outstanding June 30, 2012</u>
Computer Equipment	0%	\$ 72,995	\$ 47,995	15,998	31,997

**BAY HEAD SCHOOL DISTRICT**

Exhibit I-3

**LONG-TERM DEBT**

**BUDGETARY COMPARISON SCHEDULE**

**DEBT SERVICE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive/(Negative) Final to Actual</u></b>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 202,296		202,296	202,296	
State Sources:					
Debt Service Aid Type II	62,739		62,739	62,739	
Total Revenues	<u>265,035</u>	<u>-</u>	<u>265,035</u>	<u>265,035</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	65,035		65,035	65,035	-
Redemption of Principal	200,000		200,000	200,000	-
Total Regular Debt Service	<u>265,035</u>	<u>-</u>	<u>265,035</u>	<u>265,035</u>	<u>-</u>
Total Expenditures	<u>265,035</u>	<u>-</u>	<u>265,035</u>	<u>265,035</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	-	-	-	-	-
Fund Balance July 1					
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



**STATISTICAL SECTION**

**(Unaudited)**

Bay Head Board of Education  
Net Assets by Component  
Last Two Fiscal Years  
*(accrual basis of accounting)*

	2010	2011	2012
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ (98,239.00)	\$ (95,485.00)	\$ 245,229.00
Restricted = Capital Purposes	-	-	-
Restricted = Other	\$ 180,442.00	\$ 309,165.00	\$ 351,229.00
Unrestricted	\$ 169,433.00	\$ 210,692.00	\$ 386,348.00
Total governmental activities net assets	<u>\$ 251,636.00</u>	<u>\$ 424,372.00</u>	<u>\$ 982,806.00</u>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
Total business-type activities net assets	<u>-</u>	<u>-</u>	<u>-</u>
<b>District-wide</b>			
Invested in capital assets, net of related debt	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
Total district net assets	<u>-</u>	<u>-</u>	<u>-</u>

Bay Head Board of Education  
Changes in Net Assets  
Last Two Fiscal Years  
(*accrual basis of accounting*)

	2010	2011	2012
<b>Expenses</b>			
Governmental Activities			
Instruction			
Regular	\$ 845,812.00	\$ 827,212.00	\$ 903,038.00
Special Education	\$ 53,000.00	\$ 60,035.00	\$ 62,400.00
Other special education	\$ -		
Vocational	\$ -		
Other instruction	\$ 89,894.00	\$ 85,559.00	\$ 99,047.00
Nonpublic school programs	\$ -		
Support Services			
Tuition	\$ 684,922.00	\$ 621,846.00	\$ 589,249.00
Student & instruction related services	\$ 252,439.00	\$ 337,533.00	\$ 372,870.00
School Administrative services	\$ 32,043.00	\$ 91,939.00	\$ 90,892.00
General Administration	\$ 89,978.00	\$ 36,559.00	\$ 36,953.00
Plant operations and maintenance	\$ 293,024.00	\$ 304,966.00	\$ 310,301.00
Administrative information technology	\$ -		
Pupil transportation	\$ 77,028.00	\$ 96,188.00	\$ 107,243.00
Other support services	\$ -	\$ 55,809.00	\$ 55,467.00
Depreciation	\$ -		
Interest on long-term debt	\$ 69,539.00	\$ 75,243.00	\$ 63,100.00
Unallocated benefits	\$ 531,039.00	\$ 506,213.00	\$ 597,485.00
Total governmental activities expenses	\$ 3,074,935.00	\$ 3,099,102.00	\$ 3,288,045.00
Business-type activities			
Food service	\$ -	\$ -	\$ -
Child care	\$ -	\$ -	\$ -
Total business-type activities	\$ -	\$ -	\$ -
Total district expenses	\$ -	\$ -	\$ -
<b>Program revenues</b>			
Governmental activities			
Charges for services			
Instruction	\$ 49,726.00	\$ 25,729.00	\$ 345,434.00
Pupil transportation	\$ -	\$ -	\$ -
Central and other support services	\$ -	\$ -	\$ -
Operating grants and contributions	\$ -	\$ -	\$ -
Capital grants and contributions	\$ 49,726.00	\$ 25,729.00	\$ 345,434.00
Total governmental activities program revenues	\$ 49,726.00	\$ 25,729.00	\$ 345,434.00

## Business-type activities

## Charges for services

Food service	\$	-	\$	-
Child care	\$	-	\$	-
Operating grants and contributions	\$	-	\$	-
Capital grants and contributions	\$	-	\$	-
Total business-type activities program revenues	\$	-	\$	-
Total district program revenues	\$	49,726.00	\$	25,729.00
				345,434.00

## Net (expense) Revenue

Governmental activities	\$	-	\$	-
Business-type activities	\$	-	\$	-
Total district-wide net expense	\$	-	\$	-

## General Revenues and Other Changes in Net Assets

## Governmental activities

Property taxes levied for general purpose, net	\$	2,715,250.00	\$	2,726,220.00	\$	2,780,744.00
Taxes levied for debt service	\$	183,721.00	\$	200,464.00	\$	202,296.00
Unrestricted grants and contributions	\$	283,943.00	\$	250,974.00	\$	-
Payments in lieu of taxes	\$	-	\$	-	\$	-
Tuition Received	\$	159,356.00	\$	214,544.00	\$	320,415.00
Investment Earnings	\$	-	\$	-	\$	-
Miscellaneous income	\$	23,783.00	\$	36,802.00	\$	29,201.00
Transfers	\$	-	\$	-	\$	-
Inventory Retirements/Adjustment	\$	-	\$	-	\$	-
Total governmental activities	\$	3,366,053.00	\$	3,429,004.00	\$	3,332,656.00

## Business-type activities

Investment earnings	\$	-	\$	-	\$	-
Transfers	\$	-	\$	-	\$	-
Fixed Asset Adjustments	\$	-	\$	-	\$	-
Total business-type activities	\$	-	\$	-	\$	-
Total district-wide	\$	-	\$	-	\$	-

## Change in Net Assets

Governmental activities - Beginning	\$	(52,951.00)	\$	251,636.00	\$	424,372.00
Ending	\$	251,636.00	\$	424,372.00	\$	982,806.00
Total district						

Bay Head Board of Education  
Fund Balances, Government Funds  
Last Three Fiscal Years  
(modified accrual basis of accounting)

	2010	2011	2012
<b>Fund Balance</b>			
Reserve for Maintenance Reserve	\$ 6,309.00	\$ 6,309.00	\$ 6,309.00
Reserved for Subsequent Years'Expenditures	\$ 150,000.00	\$ 130,285.00	\$ 132,288.00
Reserved for Subsequent Years'Expenditures-Emer. Reserve	\$ -	\$ -	\$ -
Reserved for Current Expense Emergency Reserve	\$ 24,133.00	\$ 24,133.00	\$ 24,133.00
Excess Surplus	\$ -	\$ -	\$ 320,787.00
Unreserved, reported in:			
General Fund	\$ 207,525.00	\$ 399,830.00	\$ 283,678.00
Total all other governmental funds	\$ 387,967.00	\$ 560,557.00	\$ 767,195.00

BAY HEAD SCHOOL DISTRICT  
VOGES IN FUND BALANCES, GOVERNMENTAL FL  
LAST TEN FISCAL YEARS  
UNAUDITED

EXHIBIT J-4

Revenues	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Tax levy										
Tuition From Individuals	1,597,881.00	1,682,406.00	1,739,246.00	1,796,560.00	2,121,394.00	2,502,548.00	2,567,548.00	2,898,971.00	2,926,684.00	2,983,040.00
Transportation Fees	66,499.00	79,335.00	85,555.00	90,065.00	101,593.00	89,955.00	108,959.00	159,356.00	214,544.00	320,415.00
Interest Earnings	1,166.00	747.00	1,688.00	2,945.00						5,235.00
Miscellaneous	-	-	-	97,005.00	83,107.00	5,606.00	8,803.00	23,783.00	36,802.00	23,966.00
State Sources	181,396.00	203,612.00	238,074.00	265,925.00	288,460.00	356,150.00	282,598.00	283,943.00	225,245.00	320,554.00
Federal Sources	-	30,090.00	33,236.00	35,322.00	30,880.00	32,106.00	24,493.00	49,726.00	25,729.00	27,833.00
Total Revenue	1,846,942.00	1,996,190.00	2,097,799.00	2,287,822.00	2,625,434.00	2,986,365.00	2,992,401.00	3,415,779.00	3,429,004.00	3,681,043.00
<b>General Fund Expenditures</b>										
Instruction:										
Regular	613,444.00	577,996.00	608,236.00	654,319.00	637,206.00	735,677.00	811,531.00	845,812.00	827,212.00	903,038.00
Special	36,758.00	38,886.00	46,115.00	145,723.00	61,266.00	48,865.00	50,830.00	53,000.00	60,035.00	62,400.00
Other	55,922.00	77,180.00	72,477.00	15,985.00	84,423.00	71,973.00	75,991.00	89,894.00	85,559.00	80,197.00
School-Sponsored/Other Instructional	21,130.00	-	-	-	-	-	-	-	-	18,850.00
<b>Support Services and Undistributed Costs:</b>										
Tuition	331,658.00	333,984.00	397,157.00	447,567.00	599,207.00	477,915.00	726,769.00	684,922.00	621,846.00	589,249.00
Student & Instruction Related Services	103,187.00	158,862.00	202,173.00	225,630.00	254,924.00	277,403.00	288,980.00	302,165.00	337,533.00	372,870.00
General Administration	144,638.00	45,410.00	1,833.00	-	-	-	-	-	-	-
School Administration	40,493.00	151,383.00	87,158.00	73,898.00	11,269.00	33,107.00	56,045.00	32,043.00	36,559.00	36,953.00
Services Other	47,942.00	43,690.00	59,252.00	67,858.00	100,175.00	90,712.00	67,325.00	89,978.00	91,939.00	90,892.00
Operations and Maintenance	49,076.00	153,280.00	170,942.00	151,548.00	192,816.00	226,096.00	254,197.00	293,024.00	304,966.00	310,301.00
Student Transportation	26,987.00	56,578.00	53,712.00	53,565.00	66,980.00	63,887.00	55,089.00	77,028.00	96,188.00	107,243.00
Allowable Maintenance-School Facilities	94,168.00	-	-	-	-	-	-	-	-	-
Unallocated Employee Benefits	196,629.00	213,320.00	258,294.00	289,538.00	469,713.00	522,688.00	502,978.00	531,039.00	506,213.00	506,213.00
On-Behalf TPAF pension Contributions	47,122.00	68,570.00	75,118.00	91,340.00	-	117,847.00	50,153.00	55,344.00	55,809.00	89,208.00
Reimbursed TPAF Social Security	55,900.00	48,241.00	60,962.00	56,211.00	-	-	-	67,125.00	75,243.00	81,708.00
Capital Outlay:										
Total Capital Outlay	36,572.00	-	-	-	909,820.00	1,312,180.00	-	23,505.00	-	20,726.00
Debt Service:										
Principal	-	-	-	-	-	-	150,000.00	175,000.00	190,000.00	200,000.00
Interest and other charges	-	-	-	-	-	-	138,352.00	79,635.00	72,635.00	65,035.00
Total General Fund Expenditures	1,901,626.00	1,967,380.00	2,093,429.00	2,273,182.00	3,387,799.00	4,266,712.00	3,191,123.00	2,972,684.00	2,988,050.00	3,190,204.00
Excess (Deficiency) of revenues over (under) expenditures										
Other Financing sources (uses)										
Prior Year's Accounts Payable Cancelled										
Accrued Interest on Bonds										
Transfers In					2,222,000.00	-3,678.00	-490.00	-	-	-
Transfers Out					-14,820.00	14,783.00	12,059.00	-	-	-
Total Other Financing Sources (uses)					2,207,180.00	11,105.00	11,569.00	-	-	-
Net change in fund balance					1,444,815.00	-1,151,395.00	-137,000.00	138,734.00	172,590.00	206,638.00
Debt service as a percentage of noncapital expenditures										

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account clas Source: District Records

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as business and Other Support Services.

## BAY HEAD SCHOOL DISTRICT

## GENERAL FUND OTHER LOCAL REVENUE BY SOURCE

## LAST TEN FISCAL YEARS

## UNAUDITED

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Interest	1,166	747	1,688	2,945	-	-	-	-	5,662	5,235
Tuition	66,499	79,335	85,555	90,065	101,593	89,955	108,959	159,356	214,544	320,415
Transportation Fees	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Refund Prior Year's Expenditures	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	97,005	-	5,606	8,803	23,783	-	-
Aftercare	-	-	-	-	-	-	-	-	-	-
	67,665	80,082	87,243	190,015	101,593	95,561	117,762	183,139	27,447	23,966
									247,653	349,616

Source: District records

BAY HEAD SCHOOL DISTRICT

LAST TEN FISCAL YEARS

UNAUDITED

<u>Year</u>	<u>Net Taxable Value (CI 6)</u>	<u>Net Valuation for Apportionment (11)</u>	<u>County Equal Ratio R.S.:54:3-17-19</u>
2002	915,723,278	809,131,085	113.29%
2003	921,628,330	928,542,761	99.35%
2004	930,174,831	1,076,380,233	86.49%
2005	932,904,536	1,185,025,680	78.79%
2006	938,335,675	1,365,123,044	68.79%
2007	947,926,300	1,589,596,873	57.69%
2008	957,014,986	1,694,105,779	56.49%
2009	*R 1,617,167,722	1,695,068,383	95.48%
2010	1,603,584,033	1,568,091,781	102.85%
2011	1,592,071,981	1,619,339,080	98.39%

Source: Abstract of Ratables  
County Board of Taxation

\*R Reassessment



## BAY HEAD SCHOOL DISTRICT

Exhibit J-7DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30,	Bay Head School District	Borough of Bay Head	Ocean County	Total
2002*	0.174	0.193	0.467	0.834
2003	0.182	0.200	0.489	0.871
2004	0.187	0.217	0.496	0.900
2005	0.192	0.219	0.487	0.898
2006	0.226	0.236	0.491	0.953
2007	0.264	0.253	0.522	1.039
2008	0.268	0.272	0.547	1.087
2009*	0.179	0.163	0.325	0.667
2010	0.183	0.172	0.316	0.671
2011	0.187	0.172	0.346	0.705
2012	0.187	0.184	0.358	0.729

Source: Ocean County Tax Board

\* Revaluation

BAY HEAD SCHOOL DISTRICT  
SCHEDULE OF PRINCIPAL TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO

Exhibit J-8

	<u>2011 (Last Year Reported)</u>				<u>2001</u>	
	<u>Assessed</u> <u>Valuation</u> <u>2011</u>	<u>Rank</u> <u>Optional</u>	<u>As a Percentage</u> <u>of District's Net</u> <u>Assessed Valuation</u>	<u>Taxpayer</u>	<u>Assessed</u> <u>Valuation</u> <u>2001</u>	<u>Rank</u> <u>Optional</u> <u>As a Percentage</u> <u>of District's Net</u> <u>Assessed Valuation</u>
<u>Taxpayer</u>						
Bay Head Yacht Club	\$ 21,000,000	=	0.0132	Bay Head Yacht Club	8,491,800	= 0.0206
Individual	12,486,300	=	0.0078	Dale's Yacht Basin	4,176,600	= 0.0102
Individual	11,500,000	=	0.0072	Individual	2,831,100	= 0.0069
Individual	11,438,100	=	0.0072	Individual	2,532,200	= 0.0062
Individual	10,578,100	=	0.0066	Individual	1,982,100	= 0.0048
Individual	9,079,100	=	0.0057	Individual	1,972,100	= 0.0048
Individual	8,848,500	=	0.0056	Individual	1,786,800	= 0.0044
Individual	8,350,000	=	0.0052	Individual	1,795,900	= 0.0044
Individual	7,910,900	=	0.0050	Individual	1,701,300	= 0.0042
Individual	7,750,000	=	0.0049	Grenville	1,703,400	= 0.0042
Total Net Taxable Value			0.0684			0.0761

Source: Tax Collector

BAY HEAD SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>School Levy</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Percentage of Levy</u>
2000	1,350,155	5,868,626	5,784,389	98.00%
2001	1,389,600	6,692,735	6,623,573	99.00%
2002	1,597,881	7,681,745	7,615,065	99.05%
2003	1,597,881	8,066,085	7,990,237	98.91%
2004	1,682,406	8,368,447	8,360,707	99.41%
2005	1,739,246	8,421,298	8,330,718	98.84%
2006	1,796,560	9,021,664	8,915,660	98.83%
2007	2,121,394	9,917,999	9,849,172	99.30%
2008	2,502,548	10,439,063	10,363,696	99.28%
2009	2,898,971	10,772,419	10,683,384	98.83%
2010	2,926,684	10,744,599	10,508,534	97.37%
2011	2,983,040	11,258,755	11,134,830	98.90%

Source: Municipal Tax Collector  
Abstract of Ratables

## BAY HEAD SCHOOL DISTRICT

## RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS\*  
UNAUDITED

Fiscal Year Ended June 30	<u>Governmental Activities</u>		<u>Business - Type Activities</u>				Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Bonded Debt		Capital Leases	Total District		
			Anticipation Notes (BANs)	Capital Leases				
2007	\$2,222,000	NONE	NONE	NONE	NO DATA TO REPORT			
2008	\$2,072,000	NONE	NONE	NONE	NO DATA TO REPORT			
2009	\$1,907,000	NONE	NONE	NONE	NO DATA TO REPORT			
2010	\$1,732,000	NONE	NONE	NONE	NO DATA TO REPORT			
2011	1,542,000.00	NONE	NONE	NONE	NO DATA TO REPORT			
2012	1,342,000.00	NONE	NONE	NONE	NO DATA TO REPORT			

## BAY HEAD SCHOOL DISTRICT

## RATIO OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS\*

UNAUDITED

Fiscal Year Ended <u>June 30</u>	General Obligation <u>Bonds</u>	<u>Deductions</u>	Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value # of <u>Property</u>	Net Bonded Debt Per <u>Capita</u>
2007	\$2,222,000		\$2,222,000		
2008	\$2,072,000		\$2,072,000		
2009	\$1,907,000		\$1,907,000		
2010	\$1,732,000		\$1,732,000		
2011	\$1,542,000		\$1,542,000		
2012	\$1,342,000		\$1,342,000		

## BAY HEAD SCHOOL DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

## UNAUDITED

Net Direct Debt of School District as of June 30, 2012	\$ 1,542,000.00
Net Overlapping Debt of School District:	
Borough of Bay Head (100%)*	2,293,743.00
County of Ocean - Bay Head share (1.65%)	7,213,836.00
Total Direct and Overlapping Bonded Debt as of June 30, 2012	<u>\$ 11,049,579.00</u>

Source: Bay Head Chief Financial Officer  
and Ocean County Finance Office.

BAY HEAD SCHOOL DISTRICT

Exhibit J-13

COMPUTATION OF LEGAL DEBT MARGIN INFORMATION

UNAUDITED

Legal Debt Margin For Fiscal Year 2011  
Equalized valuation basis

2011	1,629,395,060
2010	1,629,395,060
2009	1,579,610,747
	<u>1,595,087,859</u>

Average equalized valuation  
of taxable property

1,595,087,859

Debt limit (3% of average equalization  
value)

47,852,639

Total Net Debt Applicable  
to Limit

2,286,653

Legal debt margin

47,852,639

Fiscal Year

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	19,138,190	23,289,370	27,834,402	31,663,817	36,008,054	41,075,935	46,040,956	49,328,989	49,709,404	48,934,802	47,852,639
Total net debt applicable to limit	827,196	1,274,683	1,064,693	903,713	814,080	2,952,652	1,050,126	1,348,695	1,734,138	1,734,138	2,286,653
Legal debt margin	18,310,994	22,014,677	28,769,709	30,760,104	35,193,974	38,123,283	44,930,830	47,980,293	47,975,266	47,200,664	45,565,986
Total net debt applicable to the limit as a percentage of debt limit	4.32%	5.47%	3.83%	2.85%	2.26%	7.19%	2.28%	2.73%	3.49%	3.54%	4.78%

Source: Tax Collector

Bay Head Board of Education  
Demographic and Economic Statistics  
Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Annual Births</u>
2002	1,255	-	3.3%	6
2003	1,264	-	3.5%	3
2004	1,262	-	N/A	5
2005	1,256	-	4.5%	3
2006	1260	-	4.8%	4
2007	1267	-	-	4
2008	1268	-	-	4
2009	1273	-	-	6
2010	970	-	-	0
2011	973	730	10.5%	-

Source: Municipal Clerk, County of Ocean, U.S. Bureau of the Census, Population Division  
U.S. Department of Labor, Statistics Division



Bay Head Board of Education  
Principal Employers,  
Current Year and Nine Years Ago

2012

DATA NOT AVAILABLE

2003

DATA NOT AVAILABLE

Bay Head Board of Education  
Full-Time Equivalent District Employees by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	8.6	8.6	8.6	8.6	8.6	9.0	10.0	10.0	10.0	10.0
Special Education	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.5
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	3.2	3.2	2.7	2.7	2.7	1.9	2.0	2.0	2.0	2.0
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services										
Student & instruction related services	3.3	1.3	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
General administration	0.3	0.3	0.3	0.3	0.5	0.5	0.5	0.5	0.5	0.5
School administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other administrative services	1.2	1.2	1.2	1.2	1.4	1.2	1.2	1.2	1.2	1.2
Central Services	-	-	-	-	-	-	0.9	0.9	0.9	0.9
Administrative Information Technology	-	-	0.5	-	-	0.2	0.4	0.4	0.4	0.4
Plant operations & maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	0.8	0.8	1.3	1.3
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	20.3	18.3	18.0	17.5	17.9	17.5	20.6	21.6	22.1	22.3

Source: District Personnel Records

Bay Head Board of Education  
Operating Statistics  
Last Ten Fiscal Years

Pupil/Teacher Ratio											
Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentile Change	Teaching Staff <sup>b</sup>	Elementary	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in ADE	Student Attendance Percentage	
2000	109	1,595,587	\$14,638	7.30%	13	8.4	109.1	105.2	-5.05%	96.4%	
2001	106	1,624,638	\$15,327	4.70%	12.9	8.2	106.2	101.9	-3.10%	96.0%	
2002	102	1,669,968	\$16,372	6.80%	12.9	7.9	102	98.3	-4.00%	96.4%	
2003	99	1,865,054	\$18,839	15.10%	12.9	7.7	99.4	94.2	-4.20%	94.8%	
2004	86	1,967,380	\$22,877	21.40%	12.9	6.7	85.6	82.4	-12.50%	96.3%	
2005	101	2,093,429	\$20,727	-9.40%	12.5	8.1	100.9	96.1	16.60%	95.2%	
2006	88	2,273,182	\$25,832	24.60%	12.5	7	88.4	84.5	-12.10%	95.6%	
2007	92	2,562,528	\$27,854	7.80%	11.9	9	91.6	86.8	2.70%	94.8%	
2008	91	2,686,547	\$29,522	5.99%	12.1	9	91	85.3	-	93.8%	
2009	96	3,016,470	\$31,442	6.40%	12.2	9	96.4	92.0	5.90%	95.5%	
2010	108	3,022,410	\$27,985	-10.99%	12.2	9	111.1	105.9	15.20%	95.4%	
2011	117	2,968,050	\$25,368	-9.35%	12.7	9	116	110.4	4.41%	95.2%	
2012	127	3,190,204	\$25,112	-1.00%	13	9	137.2	131.8	18.28%	96.1%	

Note: Enrollment based on annual October district count. (ASSA)

**Note:** Enrollment based on annual October district count. (ASSA)

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>c</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Exhibit J-18

BAY HEAD ELEMENTARY SCHOOL  
BUILDING INFORMATION  
LAST TEN FISCAL YEARS ENDING JUNE 30  
UNAUDITED

District Building	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Elementary School and Offices</u>										
Bay Head School Square Feet	18,809	18,809	18,809	18,809	18,809	19,834	19,834	19,834	19,834	19,834
Bay Head School Library Square Feet	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348	2,348
FES Capacity (students)	151	151	151	151	151	151	151	151	151	151
Enrollment	99	86	101	88	92	91	96	108	117	127

Source: District records  
LRFP

BAY HEAD SCHOOL DISTRICT                      Exhibit J-19  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-XXXX

<u>School Facilities</u>	<u>Library</u>	<u>Bay Head Elementary</u>	<u>Other Facilities</u>	<u>Total School Facilities</u>
2001	2,141	16,693	N/A	18,834
2002	2,133	16,475	N/A	18,608
2003	3,041	23,702	N/A	26,743
2004	3,079	24,006	N/A	27,085
2005	3,251	23,843	N/A	27,094
2006	2,493	18,285	N/A	20,778
2007	2,628	19,275	N/A	21,903
2008	3,239	23,756	N/A	26,995
2009	3,948	28,954	N/A	32,902
2010	3,461	25,384	N/A	28,845
2011	3,636	26,669	N/A	30,305
2012	3,430	25,154	N/A	28,584

\* School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records (Form M1)

**BAY HEAD SCHOOL DISTRICT  
INSURANCE SCHEDULE**

**EXHIBIT J-20**

**78.**

JUNE 30, 2012

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<u>BOARD OF EDUCATION PROGRAM-</u>		
<u>NEW JERSEY SCHOOL BOARDS ASSOCIATION</u>		
<u>INSURANCE GROUP</u>		
 <u>I. COMMERCIAL PACKAGE</u>		
<u>A. Property</u>		
Building and Contents (Blanket)	5,437,432	1,000
Valuable Papers & Records	10,000,000	1,000
Extra Expense	50,000,000	1,000
Increased Cost of Construction/Building Ordinance	10,000,000	1,000
Crime/Employee Dishonesty	250,000	1,000
 <u>B. Comprehensive General Liability</u>		
General Liability	31,000,000	N/A
 <u>C. School Leaders Wrongful Acts Coverage A</u>	31,000,000	5,000
 <u>D. Inland Marine</u>		
Electronic Data Processing	225,000	1,000
 <u>E. AUTO LIABILITY</u>	31,000,000	N/A
 <u>II. WORKER'S COMPENSATION</u>		
Professional Payroll	1,116,000	
Non-Professional Payroll	61,000	
 <u>III. EMPLOYERS LIABILITY COVERAGE B</u>		
Bodily Injury Each Accident	2,000,000	
Bodily Injury Each Employee	2,000,000	
Policy Limit Bodily Injury by Disease	2,000,000	
 <u>IV. EQUIPMENT BREAKDOWN COVERAGE</u>		
Comprehensive Coverage (Boiler & Machinery)	100,000,000	1,000
 <u>V. PUBLIC OFFICIAL BONDS (Selective Insurance Co.)</u>		
Patricia A. Wojcik, Limit of Coverage	140,000	-0-
James T. Mullins, Limit of Coverage	140,000	-0-
Laurie M. Considine, Limit of Coverage	140,000	1,000
 <u>VI. Catastrophe Access Liability</u>	50,000,000	31,000,000

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:  
(732) 280-8888

e-mail:  
rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT**  
**OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE**  
**WITH GOVERNMENT AUDITING STANDARDS (NO MATERIAL**  
**WEAKNESSES IDENTIFIED, SIGNIFICANT DEFICIENCIES IDENTIFIED,**  
**AND REPORTABLE INSTANCES OF NONCOMPLIANCE, AND**  
**OTHER MATTERS IDENTIFIED**

K-1

Honorable President and Members  
of the Board of Education  
Bay Head School District  
County of Ocean  
Bay Head, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Bay Head School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 2, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

## **Internal Control Over Financial Reporting**

Management of Example Entity is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the Bay Head Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bay Head Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bay Head Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Auditor's Management Report that we consider to be significant deficiencies in internal control over financial reporting, finding 2012-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bay Head Board of Education's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of general-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and which are described in the accompanying Auditor's Management Report as item 2012-01.

The Bay Head Board of Education's response to the findings identified in our audit are described in the accompanying Auditor's Management Report. We did not audit the Bay Head Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Bay Head Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Robert A. Hulsart***

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company



BAY HEAD SCHOOL DISTRICT

Schedule A  
K-3

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Grant or State Project Number	Award Amount	Grant Period		Balance June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2012		
				From	To					(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education: Passed Through State Department of Education:												
General Fund:												
Education Jobs	84.410A	N/A	\$ 2,814	8/10/11	9/30/12	\$ -	-	2,814	(2,814)			
Special Revenue:												
LD E.A. - Part B	84.027	N/A	24,420	9/1/2011	8/31/2012			24,420	(24,420)			
LD E.A. - Preschool	84.173	N/A	599	9/1/2011	8/31/2012			599	(599)			
Total Federal Financial Assistance						\$ -	-	27,833	(27,833)	-	-	-

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**BAY HEAD SCHOOL DISTRICT**

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Schedule B  
K-4

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adj.	Balance at June 30, 2012		MEMO	
			From	To						(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Expenditures
General Fund:													
Extraordinary Aid	12-495-034-5120-473	\$ 32,460	7/1/11	6/30/12	\$ -			(32,460)		(32,460)			32,460
Extraordinary Aid	11-495-034-5120-473	24,043	7/1/10	6/30/11	(24,043)		24,043						
Special Education Categorical Aid	12-495-034-5120-089	56,604	7/1/11	6/30/12			56,604	(56,604)				(5,607)	56,604
Security Aid	12-495-034-5120-084	2,470	7/1/11	6/30/12			2,470	(2,470)				(246)	2,470
Additional Non-Public Transportation Aid	12-495-034-5120-014	1,218	7/1/11	6/30/12				(1,218)		(1,218)			1,218
On-Behalf TPAF Pension Contr.	11-495-034-5120-014	1,392	7/1/10	6/30/11	(1,392)		1,392						
(Nonbudgeted)	12-495-034-5095-006	89,208	7/1/11	6/30/12			89,208	(89,208)					89,208
Reimbursed TPAF Social													
Security Contr. (Nonbudgeted)	12-495-034-5095-002	81,708	7/1/11	6/30/12	(25,435)	-	81,708	(81,708)		(33,678)		(5,853)	81,708
Total General							255,425	(263,668)	-		-		263,668
Debt Service:													
Debt Service Aid Type II	12-495-034-5120-017	62,739	7/1/11	6/30/12			62,739	(62,739)					62,739
Total State Financial Assistance					\$ (25,435)	-	318,164	(326,407)	-	(33,678)	-	(5,853)	326,407

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance.